



SBA Procedural Notice

TO: All Employees

CONTROL NO.: 5000-830

SUBJECT: Consolidated and Revised
SBAExpress Program Guidance and
Key Changes Including Modified
Review Requirements

EFFECTIVE: 10/02/2002

Introduction

The Office of Financial Assistance announced the enhanced and expanded SBAExpress on July 10, 2002. OFA also distributed an advance draft of the SBAExpress Program Guide (dated July 9th), which was designed to provide lenders and SBA personnel with a more complete view of impending program changes while OFA worked to clear the Guide through the Agency's internal clearance process. Since that announcement, OFA has continued discussions with SBA personnel and lenders to identify issues and features of the Guide that could be problematic or impede effective program implementation. We have completed those discussions, the internal clearance process, and further revisions to the SBAExpress Program Guide, which is enclosed.

The revised Program Guide incorporates the guidance included in a number of SBAExpress Procedural Notices published over the years as well as the substantial program changes of the past several months. The Guide therefore represents fundamental guidance for the program, although it should be recognized that SBA's regulations, policies, and procedures continue to apply unless otherwise noted in the Guide. Also, SBAExpress remains a pilot SBA program, so OFA will continue to work with the field and lenders to revise and enhance the program and the Guide.

The July 9th draft of the Guide included a number of important program changes, including an increase in the maximum loan amount to \$250,000, program eligibility for far more lenders, greater lender latitude to price for cost and risk, and further program streamlining. This latest revision of the Guide includes additional significant changes, including the following:

- SBA will not require new SBAExpress lenders to have been reviewed in the past year, although they generally must be reviewed before renewal.
- Additional information is provided on application procedures for SBAExpress and for SBAExpress eligibility determination authority.
- SBA is continuing to analyze the cost of lender reviews, but intends to limit any potential impact on small SBA lenders.
- Collateral requirements have been clarified.
- Additional information regarding SBA Form 912 clearances is provided.
- Requirements for refinancing existing debt have been clarified.
- Guidance on businesses eligible for SBAExpress has been modified and enhanced, particularly for eligible medical facilities and exporters.

As discussed in further detail below, the change in the review requirements for *SBAExpress* lenders is particularly noteworthy.

Lenders May Participate in Express Programs Without Prior SBA Review

Following discussions with SBA field personnel and lenders, OFA has concluded that the requirement (as set forth in the draft *SBAExpress* Program Guide and SBA Notice 5000-812) that all prospective participants must have received a lender review in the past year before participating in the new Express programs may be overly restrictive, particularly for small/rural lenders. We are therefore modifying that requirement.

An SBA lender review for new Express lenders is not required prior to their participation in the Express programs, unless the Lead SBA Office (generally the SBA District office where the lender's headquarters is located) or the Office of Financial Assistance concludes such a review is essential, given the circumstances of any individual lender. Then, assuming sufficient lender review resources in the future, these lenders would generally be reviewed within the next two years as they come up for renewal of their participation in *SBAExpress*.

Non-PLP Express lenders will generally be approved for a term of 1 or 2 years, unless the AA/FA or designee determines, based on the circumstances of a particular lender, that a shorter term is appropriate. If the lender is PLP, the term of *SBAExpress* status, when possible, will be tied to the lender's remaining PLP term.

Potential Review Costs and Waiver of Any Costs for Small Lenders

The Office of Lender Oversight (OLO) is continuing to analyze the potential cost of lender reviews and feasible options to fund those costs and expects to publish additional guidance in the near future. However, due to concerns about the possible impact of review costs on small/rural lenders if they were to be charged for the reviews, we have decided that non-PLP lenders approving 12 or less Express loans per SBA fiscal year should not pay the costs of a review. (The 12 loans include any cumulative total of *SBAExpress*, Export Express, and *CommunityExpress* loans.)

Questions regarding this notice may be forwarded to Charles.Thomas@sba.gov on (202) 205-6656 or Linda.Rusche@sba.gov on (816) 374-6570.

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